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TAGS: [PINR](#) [PREL](#) [PGOV](#) [TW](#) [CH](#)
SUBJECT: KMT TO HOLD COURSE ON CROSS-STRAITS POLICY

REF: TAIPEI 1437

Classified By: AIT Deputy Director Eric Madison. Reasons: 1.4 b/d

11. (C) Summary: The senior Kuomintang (KMT) official on cross-strait policy told the Deputy Director (DDIR) on December 16 that the party's setback in local elections earlier this month would not lead to substantive changes in President Ma Ying-jeou's opening to China. Chang Jung-kung said he believed the election results were due to dissatisfaction with the style, not the substance, of the Ma administration. In the near term, he said, Taiwan could confidently increase cross-strait economic ties without risking pressure from China for political negotiations. Chang also stated that the protocol to expand U.S. beef imports had a significant negative effect on the KMT election campaign. End Summary.

NO CHANGE IN CHINA POLICY DESPITE ELECTION SETBACK

12. (C) In the run-up to December 5 local elections, the opposition Democratic Progressive Party (DPP) insisted the vote should be considered a referendum on the Ma administration. Opposition campaigners warned that the rapprochement with China was dangerous for Taiwan autonomy, and argued that signing a cross-strait Economic Cooperation Framework Agreement (ECFA) would come at the expense of Taiwan farmers and wage-earners. KMT officials acknowledged those arguments were effective and help explain why the party did not do as well as expected. KMT Mainland Affairs Department Director Chang Jung-kung told the DDIR at a December 16 lunch discussion on cross-strait relations that voters were dissatisfied with the administration's style of governance, not its policies. The opening to China would not change, Chang said, but the government would work to improve transparency and build consensus on subsequent moves to expand ties with China. He stressed the importance of ECFA, which he said was "necessary for Taiwan's development." Chang said Taiwan would have "greater opportunity" to negotiate Free Trade Agreements with other countries, including Southeast Asian neighbors, once ECFA was signed.

13. (C) Chang believed that China would much rather deal with a KMT-led government than a DPP administration. As a result, Chang said he did not expect Chinese President Hu Jintao would risk undermining Ma's standing at home by demanding sensitive cross-strait political negotiations before the 2012 presidential elections on Taiwan.

BEEF IS AN IMPORTANT ISSUE TO VOTERS IN THE SOUTH

14. (C) Chang noted that opposition to the U.S.-Taiwan protocol to expand U.S. beef imports resonated in the rural south, where the DPP historically has been strongest. Chang said the government was unsuccessful in countering anti-beef

attacks from highly partisan underground radio stations and on some popular television talk shows. The United States was not the target of anger over the beef protocol, he said; rather, voters were upset over what they believed was a lack of transparency in the protocol negotiations. He added that some voters believed the Ma administration,s perceived acquiescence to unfavorable conditions in beef negotiations bode ill for upcoming ECFA negotiations with China.

STANTON